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## INDEPENDENT REGULATORY BOARD FOR AUDITORS

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### 2022/2023 ASSURANCE FEES PAYABLE TO THE IRBA WITH EFFECT FROM 10 JUNE 2022

Johannesburg / 14 June 2022

Section 8 of the Auditing Profession Act No. 26 of 2005, as amended, gives the Independent Regulatory Board for Auditors (IRBA) the power to determine the fees that are payable to the regulator, in respect of the performance of some of its legislated functions and other related services.

In light of this, and following a conservative budget process, increases to the IRBA Assurance Fees for the 2022/2023 financial year were carefully considered and approved by the IRBA Board at its meeting on 30 May 2022. These increases will come into effect on 13 June 2022.

In approving these fee increases, the following factors were carefully considered:

- For the 2020/2021 financial year, the rates for all assurance fee categories were not increased from what was set in the previous year.
- For the 2021/2022 financial year, the rates for all assurance fee categories from R28 090 000 and above were not increased; while the category rates for fees declared below R28 090 000 were reduced by between 3% and 24%.
- The IRBA allocation from National Treasury (NT) for the next financial year has only increased by 2.4%, and this is below the inflation rate. Furthermore, according to the Medium-Term Expenditure Framework guidelines issued by NT, there will be no additional financial resources made available.
- In terms of the Public Finance Management Act, the IRBA may not budget for a deficit, without prior approval from NT.
- During the IRBA's budgeting process, revenue and costs were increased based on the inflation rate. In addition, allowance was made for an increase in capacity and enforcement-related costs, and that was incorporated in the proposed budget. These measures had become necessary to support the IRBA's planned operational and strategic activities, without recording a deficit.
- After applying stringent cost-containment measures, a 17.6% reduction was imposed on staff costs, enforcement costs and departmental expenditure. However, despite this cost-saving action, there was still a budget deficit.
- In view of the above, and to achieve a breakeven budget that will still support the delivery of the IRBA's operational and strategic plans, the Board resolved to increase the assurance fees payable for all assurance fee categories from R28 090 000 and above by 13%, and to raise the category rate for fees declared below R28 090 000 by 8%.

In comparison to the initially proposed budget, the approved budget has been significantly reduced, in an effort to reach the required breakeven and limit fee increases to between 8% and 13%. The reduction in costs, though, will have a significant impact on the IRBA's ability to execute the additional strategic focus areas. It will also have an effect on the organisation's growth plans, as set out in the IRBA's refocused five-year strategy. However, the decision to increase the rates was

taken with the understanding that in the current economic climate, the IRBA can equally not afford to pass higher increases onto registered auditors (RAs).

Therefore, the IRBA has carefully considered all the relevant factors, and its decision is based on operational requirements necessary to deliver on the IRBA legislative mandate, as well as the increasing demands to protect the investing public and restore confidence in the profession, while appreciating the current financial challenges faced by our RAs.

Please click [here](#) to view the assurance fee category rates for the 2022/2023 financial year.

**Imre Nagy**

**Acting Chief Executive Officer**

***About the IRBA***

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*